

SUMMARY OF LAWS AND REGULATIONS OF BANK INDONESIA

Regulation : Circular Letter No.11/ 22 /DPM Dated August 12, 2009
concerning Procedure of Auction and Administration of State
Sharia Securities.

Effective : August 12, 2009

Summary :

I. PROCEDURE OF AUCTION OF STATE SHARIA SECURITIES IN THE PRIMARY MARKET

A. Terms and Conditions

	Bidding via	Means of submission	Products that can be purchased	Bidding allocation	Nature of bidding
Parties other than BI & the Indonesia Deposit Insurance Corporation	Auction participant	BI-SSSS	Long-term and short-term State Sharia Securities	For and behalf of oneself	Competitive Bidding
				For and behalf of other parties	in the case of short-term State Sharia Securities: Non-Competitive Bidding and in the case of long-term State Sharia Securities: Non-Competitive Bidding &/ Competitive Bidding
BI	Direct bidding		Short-term State Sharia Securities	For and behalf of oneself	Non-Competitive Bidding
The Indonesia Deposit Insurance Corporation	Direct bidding		Long-term and short-term State Sharia Securities	For and behalf of oneself	Non-Competitive Bidding

B. Organization of auction

1. Auction of the State Sharia Securities shall be performed from 10.00 until 12.00 West Indonesia Time or other times as determined by the Minister of Finance *c.q.* the Director General of Debt Management.
2. Bidding shall be performed with the following conditions:

	Minimum	Multiple of
Volume Offer	1,000 units or 1 billion Rupiah	100 units or 100 million Rupiah
Yield Offer (in the case of fixed and zero coupons)	-	1/32 or 0.03125
Price Offer (in the case of floating coupon)	-	0.05%

C. Stipulation of the Auction Winner

1. The Minister of Finance shall stipulate the result of auction of State Sharia Securities that can be in the form of acceptance of all or a part, or the rejection of all biddings submitted for the Auction of State Sharia Securities.
2. Determination of price of the State Sharia Securities for the auction winner shall be performed according to the type of bidding:

Bidding	Method
Competitive Bidding	Multiple Price or Uniform Price
Non-Competitive Bidding	Weighted Average Price of Competitive Bidding auction result.

D. Announcement of the Auction Result

Based on the stipulation of Minister of Finance, at the end of the day of Auction of State Sharia Securities, Bank Indonesia shall:

- a. announce the result of Auction of State Sharia Securities, which at least states the overall Nominal Value won and the weighted average of coupon and/or discount rates; and

- b. inform the result of Auction of State Sharia Securities to each Auction Participant which at least states the name of the winner, the Nominal Value won and the Coupon and/or discount rates.

II. PROCEDURE OF ADMINISTRATION OF STATE SHARIA SECURITIES

A. Settlement of the Result of Auction of the State Sharia Securities in the Primary Market

Bank Indonesia shall perform Settlement of the result of Auction of State Sharia Securities in the Primary Market with the following conditions:

1. Settlement of the result of Auction of State Sharia Securities in the Primary Market shall be performed with the following conditions:

	Short-term State Sharia Securities	Long-term State Sharia Securities
Time of settlement	$\leq T+2$	$\leq T+5$
Form of settlement : Settlement of funds	D: Giro account of the Bank/Paying Bank* C: Rupiah giro account of the government at Bank Indonesia	
Settlement of State Sharia Securities	* appointed by the sub-registry Crediting the securities account of the auction winner in the central registry	

2. Based on the settlement on the result of winner of Auction of the State Sharia Securities, Bank Indonesia shall perform registration of the State Sharia Securities issuance according to the terms and conditions stipulated by the Minister of Finance.
3. Upon the settlement of State Sharia Securities, the Sub-Registry must register the ownership of State Sharia Securities in the name of the client who won the State Sharia

Securities individually in the Sub-Registry system on the same day.

- B. Payment of Coupon and/or Nominal Value of State Sharia Securities
1. Bank Indonesia shall pay the Coupon and/or Nominal Value of State Sharia Securities based on the position of ownership of the State Sharia Securities registered in BI-SSSS on 2 (two) business days prior to the due date of payment of Coupon and/or Nominal Value of State Sharia Securities (T-2).
 2. The payment shall be performed on the due date or on the next business day if the due date is a holiday.
 3. The payment shall be performed by debiting the rupiah giro account of the Government at Bank Indonesia and crediting the rupiah giro account of the Bank and/or paying Bank appointed by the Sub-Registry at Bank Indonesia in the amount of the Coupon and/or Nominal Value of State Sharia Securities.
 4. On the same day as the day of payment of Coupon and/or Nominal Value of State Sharia Securities by Bank Indonesia, the Sub-Registry must pass the payment of Coupon and/or Nominal Value of State Sharia Securities to the investor registered in the Sub-Registry.
- C. Transaction of State Sharia Securities in the Secondary Market
- Procedure of settlement of transaction of State Sharia Securities in the secondary market as referred to in number 1 shall be performed according to the provisions of Bank Indonesia that regulate concerning the applicable BI-SSSS.

III. CLOSING

Provisions in this Circular Letter shall be effective as of August 12, 2009.

DPM